Montgomery County, Maryland

Workforce Housing Program

www.montgomerycountymd.gov/wfh

The Village at King Farm Condominiums

Informational Packet for Prospective Purchasers

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Introduction – The Village at King Farm Condominium

Thank you for your interest in The Village at King Farm. The Village at King Farm is an exciting opportunity for many reasons. First and foremost, it is located within King Farm, an award winning planned community in the heart of both Rockville and Montgomery County. King Farm is close to employment areas, transportation, shopping and entertainment centers, and is within the Montgomery County school district.

The Village at King Farm is also exciting for another reason – this community is the first in Montgomery County to include Workforce Housing (WFH) units. The County's new WFH Program is designed to provide households with persons who work in Montgomery County with an opportunity to own a home in the County. This information packet is intended to be an overview of the program as described in the Workforce Housing Covenants for The Village at King Farm and Chapter 25B of the Montgomery County Code, 2004, as amended. These documents can be obtained via the Sales Representative.

The Village at King Farm is part of the overall King Farm community. Each of the 49 units at The Village at King Farm is located in buildings where the first floors are retail businesses. The retail center, including The Village at King Farm, is known as King Farm Village Center.

Residents of The Village at King Farm have access to forty-nine (49) dedicated parking spaces located at each of the three residential buildings, representing one dedicated parking space per unit which will be assigned by the Sales Representative. If a permanent handicap-accessible space is required, one will be created to any resident who provides reasonable evidence of qualification of requirement. Additional "first come first served" parking for an additional vehicle is also available. Please see the Sales Representative for a map of parking options.

This explanation of the Workforce Housing Program and The Village at King Farm Condominium (and examples provided) are not a substitute for a review and understanding of the Declaration of Covenants, the law and regulations, and narrative description. You are encouraged and advised to review these documents and seek the advice and assistance of competent counsel in connection with such matters.

Section 1 – Workforce Housing Program

Summary

The Village at King Farm is the first project offered via Montgomery County's Work Force Housing (WFH) program, which became effective in December of 2006. The purpose of the program is to promote the construction of housing intended to:

(1) allow households with incomes between 71% and 120% of the Washington DC area median income to have greater housing choices in the County;

(2) increase the availability of housing in the County for public employees and other workers whose income cannot support the high cost of housing near their workplace and who, as a result, are increasingly priced out of housing opportunities;

(3) assist County employers in reducing critical labor shortages of skilled and semi-skilled workers by providing housing that will be accessible to their workplace; and

(4) reduce traffic congestion by shortening commute distances for employees who work in the County.

The WFH Program complements Montgomery County's nationally recognized Moderately Priced Dwelling Unit (MPDU) program under Chapter 25A and other County programs designed to promote affordable housing. Incomes of households served by the WFH program exceed those served by the MPDU program. If you are not eligible for the WFH program because you do not earn the minimum income required to participate, please visit the County's MPDU webpage www.montgomerycountymd.gov/mpdu to find information about the MPDU program.

The WFH Program provides households an opportunity to purchase a home at a below-market sales price in exchange for certain controls on the property, including restrictions on the price homeowners can charge when they resell the WFH Unit, and restrictions on the amount of appreciation they will receive upon resale. In exchange for these controls, households are able to own a home in Montgomery County, close to employment centers, transportation, retail and entertainment venues, as well as within an excellent school system.

Section 2 - Workforce Housing Program Controls

Overview

The Village at King Farm provides an excellent and affordable opportunity to own a home in Montgomery County. However, because it is a County-sponsored program, the WFH Program has certain rules associated with purchasing a unit. As a prospective purchaser, it is very important that you understand the program's requirements. These rules take effect beginning on the date of purchase and continue for twenty (20) years (the "Control Period"). If a unit is sold during the Control Period, a new twenty (20) year restriction period will be imposed from the date of resale. Once the units have been sold by the developer, the agency responsible for enforcing and administering the program's long-term rules and regulations is the Montgomery County Department of Housing and Community Affairs (DHCA).

Income and Household Size Limits

The WFH Program serves households within a certain range of incomes. Income is defined as the gross income received annually from all sources by all wage earners in a household. Sources of income include, but are not limited to, the following: wages, salaries, tips, child support, alimony, interest from savings and checking accounts, dividends from stocks and bonds, interest from certificates of deposit, Social Security benefits, VA benefits, overtime pay, unemployment insurance benefits, bonus payments, pension and retirement payments, long-term disability benefits, and any other annuities or stipends received. The minimum and maximum household incomes (gross income) for the WFH program are 71% to 120% of area median income. Effective March 2008, these limits are:

Household Size	71% Min Income	120% Max Income
1	$48,500	$83,000
2	$55,500	$95,000
3	$62,500	$107,000
4	$69,500	$119,000
5+	$75,000	$128,500

To be eligible to purchase a WFH unit, an applicant's household size must match the size of unit based on the number of bedrooms. The chart on the next page shows the number of household members and the corresponding size of unit for which they are eligible at The Village at King Farm.

Household Size	Number of Bedrooms
1 person	2 bedrooms
2 persons	2 bedrooms
3 Persons	2 or 3 bedrooms
4 Persons	2 or 3 bedrooms
5+ Persons	3 bedrooms

Initial Sales Price

WFH units are sold at below market sales prices. The sales prices for the WFH units are determined by the County and are calculated at a level that are intended to be affordable to households at the income levels served by the program. Because the sales prices are calculated at a level affordable to an "average" household, the actual sales price may or may not be affordable to your specific household; however, these sales prices are not negotiable.

As the range of income served by the program is so broad, the County has set three different sales tiers within this range in order to ensure that affordable units are available to all eligible households intended to be served by the WFH program. Individual households are only eligible to purchase a unit at the sales price associated with the individual household's income level. For example, a household earning 115% of median may only purchase a unit priced within the third tier (101-120%); the household is not eligible to purchase a unit reserved for households earning incomes within the first (71-85%) or second (86-100%) tiers. Sales prices are based on a calculation using the midpoint of these ranges. The chart below outlines the 49 units, average square feet, approximate monthly homeowners' association and condominium fee, and average initial sales price. This chart is for informational purposes only. The individual unit maximum prices, sizes, and other related information will be provided to you by the Sales Representative once it is determined the income tier for which your household qualifies.

AMI Tier	Unit Type	Avg SF	# Avail	AvgHOAFee	AvgPrice/Unit
One	2br/2.5ba	1,196	16	$334	$207,760
Two	2br/2.5ba	1,188	16	$329	$258,238
Three	2br/2.5ba	1,412	12	$342	$295,737
Three	2brDen/2.5ba	1,618	2	$381	$321,349
Three	3brDen/2.5ba	1,580	3	$395	$322,195

Each unit will be warranted to the extent required by Section 11-131(b) of the Maryland Condominium Act. The Council of Unit Owners will receive the warranty described in 11-131-(c) of the Act. Purchasers should consult Exhibit "G" of the Consumer Guide for details regarding limitations and exclusions to the warranties provided by the Developer.

Primary Residence Requirement

Owners of WFH units are required to live in the unit as their primary residence. A unit owner who wishes to temporarily suspend this requirement and rent the unit must receive written permission from the Director of DHCA. The owner must send a written request to DHCA explaining the reasons for the desire to rent, the time period for rental desired, and some form of proof of the required move out of the Washington Metropolitan Area for either employment or health reasons not to exceed twenty four (24) months. The amount of monthly rent payment permitted must not exceed the total of principal and interest on the mortgage, real estate taxes, homeowners insurance, a reasonable management fee, condominium fee and reasonable expenses related to the maintenance of the unit. The form of lease will be provided by DHCA. If the unit owner fails to reoccupy within thirty (30) days of the expiration of the term of the suspension granted by DHCA, the unit must be sold in accordance with WFH terms and conditions.

A unit owner who rents a unit must extend the Control Period for a period of time equal to the rental of the unit, requiring an amendment to the Declaration of Covenants.

The unit owner must annually submit a re-certification stating that the WFH unit is their primary residence. A unit owner who fails to occupy the unit as a primary residence, and who has not received written permission from DHCA to rent or vacate the unit temporarily, is required to sell the unit.

Death of Owner

If a WFH unit owner dies, at least one heir, legatee, or other person taking title by will or by operation of law must occupy the WFH unit as their primary residence during the Control Period in order to fulfill the requirements of the program. This means that the owner of a WFH unit may leave their unit to a child or other beneficiary in a will regardless of the beneficiary's income provided that the beneficiary obeys the WFH Program rules throughout the remaining control period. For example, the beneficiary must occupy the WFH unit as their primary residence – they may not rent out the WFH unit. If they can not occupy the unit as their home, they must resell it through the WFH Program. As another example, the beneficiary is required to make a shared profit payment to the County upon the first sale of the unit after the control period expires (as described later in this document).

Section 3 - Sales Process for WFH Units

The initial sales process for the WFH units is a private transaction between the Housing Opportunities Commission (HOC) of Montgomery County and the first purchaser. The Montgomery County Department of Housing and Community Affairs (DHCA) will administer the Workforce Housing Program's rules over time; therefore, a purchaser is required to sign certain County forms at the time of contract signing. However, DHCA is not a party involved in the initial sales transaction. In addition, DHCA does not provide financing or financial assistance to the purchasers of WFH units. Every purchaser must qualify for and secure his or her own mortgage financing. Warranty issues are the responsibility of the developer, and long-term maintenance issues are the responsibility of the unit owner, the Village at King Farm HOA, the Regency King Farm Village Master Condominium and the King Farm Assembly.

Application Process

Households interested in purchasing a WFH unit must first submit an application to The Village at King Farm Sales Office, along with certain supporting documentation. The application is computer-based and can be filled out either online or with the Sales Representative. Additional documents required with the application, to be submitted through the preferred lender are:

- *Copies* of the two most recent pay stubs for every wage earner in the household;
- *Copies* of the two most recent previously filed federal income tax returns for every wage earner in the household, including a copy of all schedules filed (such as Schedule A – Itemized Deductions);
- *Copies* of the two most recent W-2 forms for every wage earner in the household;
- *Copies* of divorce or separation agreements (if applicable); and,
- Other certified forms or documentation DHCA deems necessary

Applicants who do not have the required federal tax information because they did not live in the United States during the previous year(s) must supply a copy of the passport of each family member indicating dates of entry into the United States. In addition, these persons must supply evidence from the Internal Revenue Service verifying that they have not filed federal income taxes in the previous one or two years, whichever is applicable.

A household which includes a person who is self employed must demonstrate that they are within the Program's income guidelines by providing requested evidence to DHCA. DHCA may require additional documentation to verify eligibility.

Lender Pre-Qualifying Letter

Prior to an application's acceptance, the applicant must submit a pre-qualifying letter from a preferred lender. The preferred lender list can be obtained in the sales center from the Sales Representative. Pre-qualification letters from lenders other than a preferred lender will not be accepted for purposes of the application. However, you may use whichever lender you prefer for permanent financing. The letter is used to demonstrate that the applicant qualifies for a mortgage amount equal or greater to the sales price of the WFH unit. The letter also shows the funds the applicant has available for a down payment and the applicant's personal assets. The chart below shows that minimum amount that must be shown on a pre-qualifying letter based on a household's income range and the sales price of the unit.

Income Band	Lowest Sales Price	Estimated Pre-Qualifying Amount
71% to 85% of median	$206,700	$199,466
86% to 100% of median	$256,500	$247,523
101% to 120% of median	$279,500	$269,717

For example, if the sales price for the WFH unit is $256,500 and the required down payment is 3.5% of that amount ($8,978), then your pre-qualifying letter must show that you qualify for a mortgage of no less than $247,522 and that you have $8,978 in cash available as a down payment. This assumes FHA financing, which is available to purchasers. In the event that you do not qualify for FHA financing pre-qualification amounts, other programs are available but may require a larger (up to 20%) down payment. Other government programs may be used to assist in providing the funds for a down payment and closing costs; for information on these programs in Montgomery County, please contact the sales representative or visit the Montgomery County Housing Opportunities Commission (HOC) web page at www.hocmc.org.

Please note that combined assets must not exceed 25% of the amount for which the household is pre-qualified by a lender. Using the example in the preceding paragraph, if your household is pre-qualified for a mortgage of $247,522, then your combined household assets may not exceed $61,881. DHCA will allow any monies used towards a down payment to be deducted from the asset calculation, up to 20% of the loan amount. Assets are defined as the amount of money, or value of: checking accounts, savings accounts, certificate of deposit and/or money market accounts, stocks and/or mutual funds, bonds, real property, less outstanding debt, and trust funds. Assets not included in this definition include the: down payment (up to 20% of loan value), amount in tax deferred retirement savings plans, amount in tax deferred college savings plans, cash value of whole life insurance, automobiles (up to one per adult), and cash value of household furnishings and jewelry.

Priority Purchasers

The City of Rockville and Montgomery County have established priorities to determine which households will have the first opportunities to purchase WFH units in The Village at King Farm for the initial sales of the units. Priority to purchase a home is given to participants who have accumulated the most "Priority Points". Eligible households meeting the income requirements may also receive priority points if:

- Primary employment of at least one household member is as a public employee of the City of Rockville, Montgomery County, an employee of a municipality in the County, the County Public Schools or a local government agency, a local government sponsored enterprise, or a bi-county agency including but not limited to the Housing Opportunities Commission, the Maryland-National Capital Park and Planning Commission, and the Washington Suburban Sanitary Commission; or at least one household member is employed by an establishment located within the County or limits of the City of Rockville;
- Households who live within the County or limits of the City of Rockville;
- Primary employment of at least one household member as a “first responder” such as police, firefighters and emergency medical technicians;
- A household member participates in an employer housing assistance program as defined by DHCA; and,
- The household currently owns or rents an MPDU within Montgomery County or the City of Rockville.

These priorities are reflected in a point system – each household is assigned a number of points based on how many of the priority criteria they meet. The maximum number of Priority Points that a household can have is ten (10). The entire point system can be found in Article III of “The Workforce Housing Units Declaration of Covenants for Sale Subdivisions” which you can obtain from the Sales Representative.

The County assigns the household’s priority points at the time the household’s application is approved, and the points are entered into the applicant database maintained by DHCA. A household is eligible to purchase a WFH unit once DHCA provides a formal notification letter congratulating the household on qualifying for the WFH program. Included in this notification will be the tier for which the household qualifies based on household’s size and income.

Choosing The Home

Once eligible to purchase a WFH unit, the household will be presented a list of units available within the income tier for which the household is approved. Once the unit is identified, a contract can be written.

In the event that there are more approved households within a particular income tier than there are homes available, the County will conduct a Random Selection Drawing (RSD) to determine the order in which approved applicants will receive the opportunity to purchase WFH units. This process is not a "lottery" - participants do not win a home; rather, the RSD is used to generate a ranked list of households who will be given the opportunity to purchase a WFH unit. Households with the greatest number of points will be at the top of the list.

In the event of a drawing, the eligible applicants will be randomly ranked using the randomize function of the computer. The household ranked first has the first opportunity to purchase a WFH unit. If they decline, the household ranked second has the opportunity to purchase, followed by the household ranked third, etc. The Sales Representative will then contact households in the order their name appears on the list to give them an opportunity to purchase a unit. Time will be of the essence as the developer will work down the list until all the units are sold.

Based on the number of applicants and the number of units available, DHCA may conduct more than one RSD during the sales process. Approved applicants (who have yet to enter into a contract) will be included in all RSDs held within six months from the first RSD in which the applicant was included, and will not require recertification unless a change in household size, income, of some other factor affecting a household's eligibility necessitates a recertification. Any interested household found to have knowingly supplied false information will be barred from participation in the WFH program.

Home-Buying Seminar

Before a household can participate in the drawing, the household must attend a DHCA approved home buyer seminar. Attendance at this seminar is mandatory and is intended to ensure that households understand the WFH program. Please see the Sales Representative regarding seminar information.

Sales Agreement and Closing

The obligations of the parties in connection with the purchase of the unit are stated in detail within the Sales Agreement, available via the Sales Representative. At the time of entering into the contract, purchasers will be required to make a deposit of such amount that is established in the Sales Agreement. The purchaser shall not be entitled to any interest on the deposit. All purchasers have the right to cancel the Sales Agreement within fifteen (15) days after signing the Sales Agreement or receiving the Public Offering Statement and Consumer Guide (whichever is later) and within five (5) days after delivery to the purchaser of any material amendment to the Public Offering Statement and Consumer Guide. The Sales Agreement is not assignable. Please contact the sales agent for a list of closing costs to be paid by HOC.

Section 4 - Reselling WHF Units

<u>Resale within Control Period</u>

The resale of WFH units is controlled by Montgomery County for 20 years. This means that if the owner of the unit wishes to sell it during the 20 year control period, it must first be sold to another household on the priority list established by DHCA. If no person identified on the priority list desires to purchase the unit, the unit owner may sell the unit to the public subject to WFH program requirements. Regardless of the purchaser, the unit must also be sold at a sales price calculated by the County that is affordable to another income-eligible household. This price may be obtained by contacting the Department of Housing and Community Affairs in writing. As per the regulations, an owner cannot purchase another property within the Washington PMSA while owning a WFH unit, so the purchase of a new non-WFH home must be carefully coordinated with the sale of the WFH unit. Once the WFH unit is sold, the County imposes a new 20 year control period on the unit. Under the WFH law and regulations, the controlled resale price is limited to:

- the original purchase price adjusted for the change in cost of living from the Date of Original Sale until the unit is resold, as measured by the Consumer Price Index, All Urban Consumers, (CPI-U for the Washington-Baltimore Area) as published by the U.S. Department of Labor, or its successor index;
- the documented value of eligible capital improvements made to the unit; in general, eligible improvements are permanent improvements made by the homeowner as determined by DHCA that add long-term value to a property, not cosmetic improvements such as painting, wallpaper, replacement bathroom fixtures or other hardware replacements, or luxury items such as hot tubs. Appliances are depreciated over a ten year schedule;
- reimbursement for certain closing costs not to exceed three and one-half (3½%) of the Base Resale Price to pay for eligible closing costs. A real estate brokerage fee will be included only if the unit is not sold to DHCA, HOC or a buyer established on the DHCA waiting list; and,
- a 15% share of the market appreciation of the unit between a bona-fide fair market appraisal from on or about the date of original sale provided by HOC and a fair market value appraisal of the WFH unit obtained by DHCA at the time of resale.

<u>Refinancing / Home Equity Line of Credit within Control Period</u>

Owners of WFH units are prohibited from refinancing their unit, including obtaining a home equity line of credit, which would reduce the equity in the WFH unit to less than ten thousand dollars ($10,000). Closing costs, loan points, improvements and brokerage fees are defined and assessed in accordance to the "resale within control period" as described above.

Resale at End of Control Period and Excess Proceeds

Once the 20-year Control Period has expired, the unit may be sold on the open market for the fair market price. Thirty (30) days prior to closing, the unit owner must provide to DHCA a copy of the executed sales contract which must include a sales price, a copy of any listing agreement, and a list of homeowner made unit improvements including their value. DHCA will have an appraisal of the unit performed by a third-party appraiser.

Upon sale, the owner must pay one-half of the excess proceeds to the County; these funds are used to produce and preserve additional affordable housing opportunities in the County. Excess proceeds are the amount by which the sales price exceeds:

- the original appraised fair market value at the time the unit was purchased; and
- an increase in the cost of living as determined by the CPI-U for the Washington –Baltimore Area from the date of original purchase to the date of resale; and
- the value of capital improvements made to the unit; and
- a real estate sales commission not to exceed six percent (6%) of the sales price; and,
- an allowance for applicable transfer taxes and recordation charges.

DHCA will notify the owner of the calculation of Excess Proceeds and the amount to be paid within twenty-one (21) days of receiving all required information from the homeowner. DHCA may reduce the amount to be paid to assure that the owner retains at least ten thousand dollars ($10,000) of Excess Proceeds.

Please note that Montgomery County has the Right-of-First-Refusal on all WFH units that are being sold for the first time after the control period has expired. The County will notify you in writing if it wishes to exercise its right to purchase your WFH unit after receipt of all required and requested information related to the sale.

Sales Scenarios

The examples below illustrate how the return to a purchaser of a WFH Unit will be calculated at a future resale date for a unit sold during the 20 year control period. An explanation of the process involved with the sale of a unit after the 20 year control period expires can be found in Section 4. These examples are for illustration and informational purposes only and must not be considered a guarantee of any potential gain or loss associated with the purchase and sale of a WFH unit.

The examples assume the WFH unit is sold by the original purchaser after five years. The sales price in Year 5 is calculated by adding to the original WFH sales price the following:

1) the change in cost of living from the Date of Original Sale until the unit is resold, as measured by the Consumer Price Index, All Urban Consumers, (CPI-U for the Washington-Baltimore Area) as published by the U.S. Department of Labor, or its successor index
2) the documented value of eligible capital improvements made by the homeowner to the unit; in general, eligible improvements are permanent improvements as determined by DHCA that add long-term value to a property, not cosmetic improvements such as painting, wallpaper, replacement bathroom fixtures or other hardware replacements, or luxury items such as hot tubs. Appliances are depreciated over a ten year schedule.
3) a 15% share of the market appreciation, if any, of the unit between a bona-fide fair market appraisal from on or about the date of original sale obtained by HOC and a fair market value appraisal of the WFH unit obtained by DHCA at the time of resale.
4) a reimbursement for certain closing costs as defined in accordance to the provisions of Chapter 25B of Montgomery County Code;

The examples below are shown for three different housing market scenarios over a five-year period: a market in which the fair market value (FMV) of housing increased at a healthy rate (17%); a market in which the FMV of housing is increased, but at a very low rate (2%); and, a market in which the FMV of housing decreased (- 5%). Other assumptions included in the examples below include:

- An initial WFH purchase price of $255,000
- An initial fair market value (FMV) of $450,000 (based on an appraisal conducted at the time of initial sale)
- An 18.9% change in the Consumer Price Index (CPI) between year 1 and year 5
- Actual, documented improvements in the amount of $1,000

The assumptions associated with each of these scenarios are shown under "Assumptions".

		High Increase in Housing Values	Low Increase in Housing Values	Decrease in Housing Values
	Assumptions:			
	Appraised FMV in Year 1 (Initial Sale)	$450,000	$450,000	$450,000
	Workforce Housing Sales Price in Year 1 (Initial Sale)	$255,000	$255,000	$255,000
	% Change in Consumer Price (CPI-U) Index between Year 1 and Year 5	18.9%	18.9%	18.9%
	Actual Value of Improvements Made between Year 1 and year 5	$1,000	$1,000	$1,000
	% Change in Appraised FMV between Year 1 and Year 5	17.0%	2.0%	-5.0%
	Appraised FMV in Year 5	$526,500	$459,000	$427,500
	Calculating the Resale Price in Year 5			
1)	**Calculate Change in Fair Market Value:**			
	Appraised FMV in Year 5	$526,500	$459,000	$427,500
Subtract:	Appraised FMV in Year 1 (Initial Sale)	$450,000	$450,000	$450,000
	$ Change in Appraised FMV between Year 1 and Year 5	$76,500	$9,000	-$22,500
	15% of Change in Appraised FMV between Year 1 and Year 5	**$11,475**	**$1,350**	**-$3,375**
2)	**Calculate Change in CPI-U:**			
	Workforce Housing Sales Price in Year 1 (Initial Sale)	$255,000	$255,000	$255,000
Multiply:	% Change in Consumer Price (CPI-U) Index between Year 1 and Year 5	18.9%	18.9%	18.9%
	$ Change due to Change in CPI-U	**$48,195**	**$48,195**	**$48,195**
3)	**Calculate the Resale Price in Year 5:**			
	Workforce Housing Sales Price in Year 1 (Initial Sale)	$255,000	$255,000	$255,000
Add:	$ Change due to Change in CPI-U	$48,195	$48,195	$48,195
Add:	Actual Value of Improvements Made between Year 1 and year 5	$1,000	$1,000	$1,000
Add:	15% of Change in Appraised FMV between Year 1 and Year 5	$11,475	$1,350	$0
	Resale Price Owner May Charge in Year 5	**$315,670**	**$305,545**	**$304,195**
	Resale Price Owner May Charge in Year 5	$315,670	$305,545	$304,195
	Workforce Housing Sales Price in Year 1 (Initial Sale)	$255,000	$255,000	$255,000
	Change in Sales Price - Excess Proceeds to Owner	**$60,670**	**$50,545**	**$49,195**

Please note that examples above do not account for any equity accumulated by the Owner due to paying off a portion of the mortgage in Years 1 through 5. Also, the Excess Proceeds as shown are calculated before deducting any fees, transfer taxes, or real estate commissions associated with the sale of the property.

Resale at End of Control Period

The following example shows how the County's portion of the excess profit is calculated. This example is for illustration and informational purposes only and must not be considered a guarantee of any potential gain or loss associated with the purchase and sale a WFH unit. The example assumes that the owner of a WFH unit purchased the unit in 2008; the unit had an initial appraised Fair Market Value of $450,000 at the time of purchase. The owner held the property for the entire 20-year control period and sells the unit in 2028 for a market sales price of $1,000,000 in 2028:

Initial Fair Market Value in 2008:	$450,000
Increase in CPI over 20 years (87% increase):*	$392,300
Documented Capital Improvements:	$ 5,000
Real Estate Commission (up to 6% of market sales price):**	$ 60,000
½ of Transfer Tax & Recording Fee (1.1% of sales price):	$ 11,000
Adjusted Base:	**$918,400**
Fair Market Sales Price (in 2028):	**$1,000,000*****
Less: Adjusted Base (from above):	$918,400
Excess Profit (the Difference between Adjusted Base and the Fair Market Sales Price):	**$ 81,600**
Share of Excess Profit to Owner (50%):	**$ 40,800**
Share of Excess Profit to County (50%):	**$ 40,800**
Total Proceeds to Owner (to be used to pay off existing mortgage, home equity loan, other debt, etc.):	**$ 959,200**
Total Shared Profit to County (to be used to produce new affordable housing):	**$ 40,800**

* CPI-U – the Consumer Price Index, a measure of inflation; this number will vary depending on the length of time you own the WFH Unit. The number shown above is only an example.
** - credit for a Real Estate commission may only be given if the buyer and seller use a licensed, third-party real estate agent.
*** - no credit is given for subsidies, assistance, incentives or cash paid by the seller on behalf of the buyer; no credit is given for financing points that are rolled into the sales price.

In the example above, the owner would retain $959,200 of the $1,000,000 sales price, while the County would receive $40,800.